GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1754
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SIP with Mutual Funds
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Will the Minister of FINANCE be pleased to state:

Will the Minister of Finance be pleased to state:
(a) whether the Systematic Investment Plan (SIP) accounts are on the rise with the Mutual Funds in the country;
(b) if so, the details and the reasons for the increase of the accounts; and
(c) the steps taken by the Government to create awareness regarding SIP investments?

Answer

(a) Yes, Madam.
The number of Systematic Investment Plans (SIPs) in Mutual Funds in India has almost doubled from 60 lakh as on 31 st March 2014 to 116.3 lakh as on 31 st March 2016. It has further increased to 134.5 lakh as on 31 st October 2016.
(b) The details of number of SIPs are as follows:

As on Number of SIPs (in lakh)
31s1 March 2014 60.0
31 st March 2015 90.2
31s1 March 2016 116.3
31st October 2016 134.5
The increase in number of SIPs can be attributed to:
1. Increased investor awareness.
11. Focus on other than top 15 cities by Assets Under Management (AUM) of Mutual Funds.
Hi General buoyancy in markets : With the Sensex remaining continuously above the 22,000 levels during 2014-15 and 2015-16 and above 24,000 level during 2016-17 has led to renewed interest in SIPs from investors.
(c) The details of the steps taken by the Securities and Exchange Board of India (SEBI) to create awareness regarding SIP investments is placed at Annexure-A.
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Annexure-A
Steps taken by SEBI to create awareness regarding SIP investments
(i) To increase investor awareness:
2 basis points for investor education: In order to have greater and more focused investor education, mutual funds/Asset Management Companies (AMCs) are required to annually set apart at least 2 basis points on daily net assets within the maximum limit of Total Expense Ratio (TER) for investor education and awareness. Several AMCs have utilized this amount to create awareness about SIPs through print, electronic and digital media. Also, 31 AMCs have adopted 182 districts across, 26 States to conduct focused financial literacy campaigns. These campaigns include explanation of the concept of SIPs. As a result, greater number of investor understands the importance of rupee-cost averaging [buying more units at lower Net Asset Value (NAV) and less units at higher NA V] and disciplined investing for long-term wealth creation.
Use of regional languages: Further, to promote financial inclusion, Mutual Foods (MFs) need to make available printed literature on MFs for investor awareness and education in regional languages. Also, MFs need to introduce investor awareness campaign, both in print an electronic media, in regional languages. The use of regional languages has helped in broadening the reach of marketing and investor education material related to SIP.
Also, to energize the distribution system, a new cadre of distributors was introduced b including postal agents, retired officials from government, banks, retired teachers etc. for distribution of simple products with simplified National Institute of Securities Markets (NISM)certification.
(ii) To focus on other than top 15 cities by Assets Under Management (AUM) of MFs:
Introduction of additional Total Expense Ratio (FER) (up to 30 bps): To improve the geographical reach of mutual funds and bring in long term money from smaller towns, Asset Management Companies (AMCs) have been allowed to charge additional TER of up to 30 bas points on inflows from cities beyond top 15 cities by AUM of MFs. As a result, fund house have pushed aggressively into other than top 15 cities.
The details of no. of SIPs from other than top 15 cities by AUM of MFs are as follows:
As on No. of SIPs from other than to 15 cities b AUM of MFs(in lakh)
31st March 2014 29.6
31st March 2015 43.5
31st March 2016 56.2

31st October 2016 63.1
Thus, the number of SIPs from other than top 15 cities has also almost doubled from 29.6 lakh
as on 3 l " March 2014 to 56.2 lakh as on 3 pt March 2016, keeping pace with the growth number of SIPs across the country. It has further increased to 63.1 lakh as on 31st October 2016.